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National Tea Co.

ANNUAL REPORT

For the Year Ending
December 31, 1922

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Chicago, Ill., March 21st, 1923

1000 CROSBY ST., CHICAGO, ILL.

March 21st, 1923.

To the Stockholders of the National Tea Co.

Dear Sir or Madam:

At this time I am pleased to present to you the Annual Report of the National Tea Co. for the year 1922, and submit for your information a Summarized Balance Sheet and Income and Surplus Account, from which you will note that the result of operations shows a net profit of $957,408.67, after deducting provision for Federal Taxes, as compared with $534,042.50 for the year 1921.

The sales for the year amount to $20,632,332.25, as compared with $16,283,146.53 for the year 1921, an increase of $4,349,185.72, or twenty-seven per cent. The number of stores in operation December 31, 1922, was 295, as compared with 261 December 31st, 1921, an increase of 34 stores during the year under review.

I am pleased to report that one thousand (1,000) shares of stock, par value of $100,000.00, was retired during the year in accordance with the provisions of the Preferred Stock, therefore the outstanding Preferred Stock as shown on the Balance Sheet now stands at $900,000.00. Consequently $100,000.00 has been transferred from the Surplus Appropriated for Redemption of Preferred Stock to the Unappropriated Surplus.

A study of the above statement and the Balance Sheet, Income and Surplus Account set out on the opposite page, clearly brings before us the satisfactory result of last year's business; the advantageous conditions for merchandising during the year aiding greatly in attaining these extraordinary results.

Yours very truly,

GEO. RASMUSSEN, President.

BALANCE SHEET, DECEMBER 31, 1922

ASSETS

PROPERTIES (at book values less depreciation)—			
Land and Buildings		$1,568,619.23	
Machinery and Fixtures		496,018.69	
Automobiles, Horses, Wagons, etc.		158,493.78	
Sundry Equipment		15,735.21	$ 2,238,866.91
GOODWILL			52,373.88
TREASURY STOCK—Common			140,000.00
CURRENT ASSETS—			
Inventories of Merchandise and Supplies On Hand and in Transit		$2,382,966.98	
Accounts and Notes Receivable	$254,103.35		
Less Reserve for Bad and Doubtful Accounts	15,488.28	238,615.07	
Mortgages Receivable		83,332.51	
Employees' Liability on Stock Purchase		188,106.41	
Investments—			
National Tea Company—Minneapolis	$ 60,000.00		
The Red Ball Stores, Inc.	43,915.05	103,915.05	
Cash on Hand, in Banks and in Transit		208,193.17	
Total Current Assets			$ 3,205,129.19
INVESTMENT—			
National Tea Co., Preferred Stock			13,109.50
DEFERRED CHARGES—			
Premiums Advanced to Customers—Proportion Unearned—(Less Reserves), Prepaid Taxes, Insurance, Rent, etc.			101,506.02
REORGANIZATION EXPENSE (Less Proportion Written Off)			82,916.66
			$ 5,833,902.16

LIABILITIES

PURCHASE MONEY OBLIGATIONS			$ 156,600.00
CURRENT LIABILITIES—			
Notes Payable		$ 857,146.80	
Accounts Payable—			
Current	$705,667.48		
Payroll and Commissions	65,469.47		
Interest and Taxes	57,335.66		
Employees' Deposits	9,147.77		
Dividends Accrued and Unpaid	15,078.50		
Estimated Provision for Federal Income Taxes	140,000.00	992,698.88	
Total Current Liabilities			1,849,845.68
RESERVES—			
Insurance		$ 17,311.92	
Estimated Liability on Coupons Outstanding		3,250.92	20,562.84
PROFIT ON REDEMPTION OF PREFERRED STOCK PURCHASED FOR SINKING FUND—DEFERRED			14,497.25
DEFERRED CREDIT TO INCOME—RENT RECEIVED IN ADVANCE			99.04
PREFERRED STOCK 7 PER CENT CUMULATIVE—			
Authorized 14,000 shares of $100.00 each		$1,400,000.00	
Issued 9,000 shares at $100.00 each			900,000.00
COMMON STOCK—			
Represented by 20,000 shares of no par value			887,139.20
SURPLUS—			
Appropriated for Redemption of Preferred Stock		70,833.33	
Unappropriated		1,934,324.82	2,005,158.15
			$ 5,833,902.16

(Continued on following page)

INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1922

Sales		$20,632,332.25
Net Operating Profit		$ 1,095,933.17
Estimated Federal Income Taxes		138,524.50
Net Profit after deducting Federal Taxes		$ 957,408.67
Surplus as at January 1, 1922		1,099,097.15
		$ 2,056,505.82
Less Sinking Fund Provision	$ 50,000.00	
Preferred Stock Dividends	62,181.00	
Common Stock Dividends	110,000.00	
	$222,181.00	
Deduct Transfer from Surplus Appropriated for Redemption of Preferred Stock represented by 1,000 shares redeemed and canceled during the year	100,000.00	$ 122,181.00
Unappropriated Surplus as per Balance Sheet		$ 1,934,324.82